



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0480	Title:	Foster care rate increases
Primary Sponsor:	Kaufmann, Christine	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$1,318,655	\$1,437,472	\$1,557,246
Federal Special Revenue	\$0	\$815,818	\$933,615	\$1,051,884
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$815,818	\$933,615	\$1,051,884
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$1,318,655)</u>	<u>(\$1,437,472)</u>	<u>(\$1,557,246)</u>

Description of fiscal impact:

SB 480 establishes minimum rates for payments for youth placed in foster care. Moreover, this bill would statutorily establish reimbursement payments to youth foster homes and kinship foster homes for room, board, clothing, personal needs and transportation.

FISCAL ANALYSIS

Department of Public Health and Human Services

Assumptions:

1. The projected number of days of paid foster care for FY 2009 is 395,935. The number of days of paid care will increase by 3% each year thereafter.
2. The Child & Family Services Division (CFSD) makes payments for foster care based on a daily reimbursement rate. The daily reimbursement rates established in the bill are as follows:

	SB 480			Current	Increase
	Monthly rate	Yearly rate (Monthly rate x 12)	Daily Rate (yearly rate/365)	Current Daily Rates	FY 2011 - FY 2013
Ages 0 - 4	\$572	\$6,862	\$18.80	16.22	2.58
Ages 5 - 13	\$637	\$7,647	\$20.95	16.22	4.73
Ages 14 +	\$712	\$8,541	\$23.40	19.52	3.88

3. The average cost per day for FY 2009 is \$16.22 for ages 0 – 13 & \$19.52 for ages 14 and over. Beginning in FY 2011, the cost per day increase is calculated using the difference of the current average cost per day and the new rates established in the bill, as follows:

	Cost per Day Increase FY 2011 +	Days of Care FY 2011	Total cost FY 2011	Days of Care FY 2012	Total cost FY 2012	Days of Care FY 2013	Total cost FY 2013
Ages 0 - 4	\$2.58	147,016	\$379,301	151,427	\$390,680	155,969	\$402,401
Ages 5 - 13	\$4.73	176,419	\$834,464	181,712	\$859,498	187,163	\$885,283
Ages 14 +	\$3.88	96,611	\$374,850	99,509	\$386,096	102,495	\$397,679
Total			\$1,588,616		\$1,636,274		\$1,685,362
Avg daily rate			\$3.78		\$3.78		\$3.78

4. The foster care reimbursements are funded using a combination of funding sources such as general fund & Title IV E, which is determined based on a blend of over 200 service codes. The estimated funding for the foster care reimbursement is as follows:

Fiscal Year	Total Reimbursement Cost	General Fund %	General Fund	Federal %	Federal Share	Total Funds
FY 2010	\$0	66.70%	\$0	33.30%	\$0	\$0
FY 2011	\$1,588,616	66.93%	\$1,063,260	33.07%	\$525,355	\$1,588,616
FY 2012	\$1,636,274	66.93%	\$1,095,158	33.07%	\$541,116	\$1,636,274
FY 2013	\$1,685,362	66.93%	\$1,128,013	33.07%	\$557,349	\$1,685,362

5. Increases in Foster Care rates also affect payments made for Adoption Subsidies. Adoption Subsidies are negotiated at a maximum of \$10/month less than foster care. It is estimated that 150 new adoption subsidies will be added in each year of the biennium. The cost per day increase is calculated using the average daily increase of cost across all age groups for each year, as follows:

Fiscal Year	SB 480 daily rate increase (avg)	# of new contracts for Subsidies each year	Total compounded cost
FY 2010	\$0.00	0	\$0
FY 2011	\$3.78	150	\$188,955
FY 2012	\$3.78	150	\$377,910
FY 2013	\$3.78	150	\$566,865

6. The Child and Family Services Division also renegotiates subsidy agreements upon request of the adoptive parents. The division is currently making payments on approximately 2,100 subsidy agreements. Because many of the agreements were originally negotiated many years ago it is expected the older agreements will be renegotiated with an increase up to the current foster care rates, less \$10/mo. It is estimated that 200 agreements will be renegotiated in each year of the biennium. The FY 2011 increase of \$4.78 includes \$3.78 for the foster care increase and \$1.00 day for the older contracts with lower rates. The costs for renegotiated subsidy agreements is as follows:

Fiscal Year	SB 480 daily rate increase (avg) + \$1	# of Subsidies	Total cost
FY 2010	\$0.00	0	\$0
FY 2011	\$4.78	200	\$348,940
FY 2012	\$4.78	200	\$348,940
FY 2013	\$4.78	200	\$348,940

7. Adoption subsidies are funded with Title IV E and general fund, based on eligibility. It is estimated that 80% will qualify for Title IV E, the remaining 20% will be funded with general fund. The estimated funding for adoption subsidies is as follows:

Fiscal Year	Total Subsidies	General Fund %	General Fund	Federal %	Federal Share	Total Funds
FY 2010	\$0	46%	\$0	54%	\$0	\$0
FY 2011	\$537,895	46%	\$247,432	54%	\$290,463	\$537,895
FY 2012	\$726,850	46%	\$334,351	54%	\$392,499	\$726,850
FY 2013	\$915,805	46%	\$421,270	54%	\$494,535	\$915,805

8. The grand total for foster care reimbursement and adoption subsidies is as follows:

Fiscal Year	Total Costs	State Share	Federal Share	Total Funds
FY 2010	\$0	\$0	\$0	\$0
FY 2011	\$2,126,511	\$1,310,692	\$815,818	\$2,126,511
FY 2012	\$2,363,124	\$1,429,509	\$933,615	\$2,363,124
FY 2013	\$2,601,167	\$1,549,283	\$1,051,884	\$2,601,167

Department of Corrections**Assumptions:**

9. Parole did not place youth in family or kinship foster care during FY 2008; however, youth services has one parole youth this fiscal year. The expected stay is 163 days. At an increase of \$4.24 per day, SB 480 would increase expenditure for this youth by **\$691.12**: Current rate is \$19.16 per day x 163 day = \$3,123.08 minus proposed rate of \$23.40 per day x 163 days = \$3,814.
10. There were 23 probation youth placed in foster care, from Juvenile Delinquency Intervention Program funds, during FY2008 for a total of 1,715 days. This equals an increase of **\$7,272** (1,715 x \$4.24/the proposed rate increase for youth age 14 and older).

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Department of Public Health and Human Services				
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$0	\$2,126,511	\$2,363,124	\$2,601,167
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$1,310,692	\$1,429,509	\$1,549,283
Federal Special Revenue (03)	\$0	\$815,818	\$933,615	\$1,051,884
TOTAL Funding of Exp.	\$0	\$2,126,510	\$2,363,124	\$2,601,167
<u>Revenues:</u>				
Federal Special Revenue (03)	\$0	\$815,818	\$933,615	\$1,051,884
Department of Corrections				
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$0	\$7,963	\$7,963	\$7,963
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$7,963	\$7,963	\$7,963
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$1,318,655)	(\$1,437,472)	(\$1,557,246)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. This bill will have a long range impact because foster care rates would be increased (or decreased) by the CPI in years after FY 2011. For the purpose of this fiscal note the CPI was held constant at 0% from FY 2011 through FY 2013.

Sponsor's Initials

Date

Budget Director's Initials

Date